



Senator Tom Weatherwax

Indiana State Senate
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News from the Indiana State Senate

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State Faces Tough Budget Decisions

Hoosiers' personal income lags the nation

On July 12, the state closed the books for Fiscal Year 2004. According to the State Budget Agency, the state is expected to have a "surplus" or "reserve" of just \$300 million on June 30, 2005 — the close of the current budget cycle. This means the state's reserve will have declined by nearly \$2 billion since 1998.

The problem is that state spending has been exceeding state revenues for the past several years. State revenue collections actually decreased in both FY 2001 and FY 2002 before showing a 0.5 percent increase in 2003. Revenue collections increased by about 2.7 percent for FY 2004, the year that just ended.

In order to avoid big spending cuts in education and health care, the state has been using the surplus and employing spending delays and other temporary accounting measures. These measures make it possible for the state to spend nearly \$800 million more than it will collect this year. While such tactics have helped the state avoid big spending cuts in our schools, they are only one-time, temporary fixes and cannot be sustained. While it may seem like Indiana's economy is improving, the state's financial condition actually remains very weak.

A \$300 million reserve sounds like a lot of money. But with an annual \$11.2 billion General Fund Budget, including big items such as \$4.3 billion for K-12 education, \$2.1 billion for local property tax relief, \$1.4 billion for universities and \$1.2 billion for Medicaid, \$300 million really is not a sufficient reserve.

The root of Indiana's budget problems is slow revenue growth. Indiana lags the nation in personal income growth. The average Hoosier worker earns only about 91 cents for every \$1.00 earned by the average worker nationwide. As Hoosier workers earn less, state tax revenues lag, too. If Indiana workers earned the same as the national average, the subsequent gain in tax revenues would erase the state's structural deficit. Indiana needs to improve its economy relative to the nation, or Indiana's budget will remain a problem.

Beginning in January, the General Assembly will start work on the state budget for the next biennium. Much of the discussion will center on adequate funding for education and health care. But, it is equally important to continue to try to find ways to diversify the economy and stimulate business investment as the real long term solution to the state's budget dilemma.

Farmland Remains an Asset to Indiana

Indiana loses about 100,000 acres of farmland a year to the growth and development of subdivided neighborhoods. According to the Indiana Agricultural Statistics Services at Purdue University, the majority of farm loss occurred in mid-size farms and operations, which annually generate between \$10,000 and \$100,000 per farm.

Smaller and larger farms are either growing or have been profitable enough to continue their operations. This same research has found that commercial farms are consistently large enough to produce a positive return and those who own smaller farms are not living solely off of the crop revenue.

Lawmakers have tried to step in and help prevent Indiana from losing more farms. In the 2004 legislative session, I supported a measure that would encourage the preservation of farmland.

Senate Bill 362 would have allowed the Indiana Land Resource Council to work with local area planning departments to offer farmers and land owners compensation for voluntarily selling easements to restrict the land from developments. SB 362 passed the Senate but did not pass the House of Representatives.

Farmland is the foundation for Indiana's largest industry. We must work together to save this precious land and Indiana's heritage.

Creating Jobs

Weatherwax Focuses on Grissom Military Base

The only way to spur the economy in Indiana is to create jobs and provide a friendly environment in which to do business. I have worked hard on the economic development measures in my years in the Senate, and 2004 was no different.

Currently, businesses locating near Grissom receive inventory tax breaks. But that tax will soon be eliminated statewide. When that happens, businesses will need other incentives to set up shop near Grissom.

One major piece of legislation I authored to help District 18 offers secured incentives to create jobs, encourage investments and keep jobs in Indiana. Specifically, the measure does three things:

- Businesses located in a **military base** or a realigned base, including Grissom, will receive a **sales tax exemption on utilities**.
- Businesses will receive an **adjusted income tax** rate of 5 percent, as opposed to the current 8.5 percent.
- Businesses that invest in these locations will also

receive substantial cost credit for capital on **number and types of jobs created**.

The bill originated as Senate Bill 272, but it never came to a vote in the House of Representatives. I thought the cause was important enough to continue to fight for it. I lobbied conferees, and in the last hours of session, SB 272 was amended into House Bill 1365.

I also sponsored HB 1080, which provides a purchasing **preference for Indiana businesses** entering into contracts with the state. The preference ranges from 1 to 5 percent, depending on how large the contract is.

I have always said that economic development is full-time work. The economy in the state and the nation is always changing, and we legislators must react to those changes swiftly and wisely.

The 2004 session of the General Assembly was successful in supporting economic development, and I will continue to work on improving the Hoosier business climate in the years to come.

Education in Indiana: Leave No Child Behind

The biggest challenge many states are facing in education is how to implement the **No Child Left Behind Act of 2001** (NCLB) that was signed into law by President George W. Bush on January 8, 2003. The act expanded the federal role in education and set in place requirements that reach into every public school in America.

As chair of the Senate Education Committee in 1999, I authored Public Law 221, which helped Indiana lead the nation in school reform. P.L. 221 is Indiana's school improvement and accountability law that put in motion many of the same requirements that NCLB requires. The law focuses on improving education for all schools and ensuring Hoosier students have the skills they need to succeed.

Both NCLB and P.L. 221 require the following of our schools and educators:

- High academic standards
- Assessment using tests aligned with the standards
- Accountability for achievement
- Focus on the needs of all children
- Highly qualified teachers
- School safety measures
- School report cards
- Comprehensive data system (www.asap.state.in.us)

In recent months there has been criticism of potential flaws in NCLB. Congress and the Federal Department of Education are working to address these concerns, to allow more flexibility for low performing schools, and to improve special education. The General Assembly is committed to making sure that Indiana continues to ensure that no child is left behind.

For more information on this topic and other education related issues, please visit the Indiana Department of Education web site at www.doe.state.in.us.



A group of students from Galveston Elementary School display the product of their hard work



Galveston Elementary Students Excel With Publication of 20 Books

This spring, students at Galveston Elementary School got the red-carpet treatment, and it was well-deserved.

After months of work on writing, illustrating and publishing 20 different books, the pupils in kindergarten through sixth grade strolled down the red carpet, accepted Hollywood Walk of Fame-style stars and received a letter from First Lady Laura Bush.

The book-publishing project was inspired in November, when children's book author Carolyn Lesser hosted workshops at the school. Shortly thereafter, innovative teacher Pam Roller envisioned the entire school putting out books of their own.

Soon, 20 teachers in the school were behind the idea and they put their students to work. Inspired by the visit from Lesser, the children were eager to start the project. Each class chose a topic and started work on a children's book. The ideas ranged from books on animals to business, poetry to truck drivers.

After months of effort, the students'

books were published by Nationwide Learning Resources. To celebrate such a remarkable achievement, the school conducted an afternoon for the kids. They were treated like stars, and indeed, they were stars.

The school now has a copy of each book in the school library so students can view this year's work for generations to come.

It is stories like these that often slip past the media without a second look. It started with a teacher who was innova-

tive enough to create a new idea that teaches writing, art and teamwork while at the same time encouraging creativity. It ended with more than 300 students following

through on one project for an entire semester while not neglecting their normal class work.

Truly, no child was left behind in this giant effort. Even special education students published a book. The community should be proud of the extraordinary goal that Galveston Elementary School reached. I am very pleased that efforts like these take place in North Central Indiana, and I'm sure we haven't heard the last from Galveston Elementary.

The students even received a letter from First Lady Laura Bush. . . they were treated like stars, and indeed, they were stars.



Senators Study Variety of Topics In Summer Committee Meetings

Weatherwax serves on five legislative panels during interim

This year, I am serving as chair of the **Natural Resources Study Committee**. The committee has been charged with examining laws relating to the Indiana Department of Natural Resources (DNR) and recommending legislative changes designed to better serve the citizens of Indiana. The committee will also assist DNR in programming its activities and developing a long-range plan for land acquisition, capital improvement and development of facilities.

I am also serving on the following panels:

Interim Study Committee on Corporate Taxation:

I serve as vice-chairman of this committee, which studies the use of passive investment corporations by companies doing business in Indiana

Water Resources Study Committee:

I also serve as vice-chairman of this committee, which studies and make recommendations on the usage, quality and quantity of water resources and on issues concerning diffused surface water.

Property Tax Replacement Fund Board:

The Property Tax Replacement Fund Board has the authority to authorize early distributions and transfer funds from PTRF to provide financial aid to school corporations

School Property Tax Control Board:

This board assist the Department of Local Government Finance in deciding the merits of appeals filed by or in respect to any school corporation

Commission Studies Methods to Replace Property Taxes

"We want a better system," and "Do no harm," were the sentiments echoed in the Property Tax Replacement Study Commission, which has met several times at the Statehouse. The property tax situation in Indiana is a frustration shared by many as the newly-formed committee, consisting of legislators, farmers, businessmen, and homeowners, develops methods to reduce local government's reliance on property taxes.

The reassessment process is complete in 90 counties, and agencies and organizations are collecting data that will aid the committee and the legislature in figuring ways to replace over \$5.5 billion in property taxes collected each year and to provide oversight of over 9,000 levies and 172 different types of funds for local government programs and services.

This monumental task is being conducted due to a law passed during the 2004 legisla-

tive session. The commission must study the effects of eliminating 50 percent, 75 percent, and 100 percent of net property tax levies.

One major hurdle for the commission is to identify revenue sources capable of replacing property taxes and providing sufficient revenue to maintain essential government services. The commission will submit status reports to the Legislative Council, which is the administrative body of the General Assembly, in September.

The commission broke down into small groups that will work on five major issues this year: Property Tax Administration Issues; Local Government Services; Long Term Debt Issues; Other State Tax Systems; and Property Tax Levies and Controls.

The goal is to lessen local governments' dependence on property taxes and create a more equitable and fair method of funding local government.



SNAPSHOT: Senator Weatherwax discusses the details of Senate Bill 272 during a hearing in the Senate Finance Committee this year.

Upcoming Meetings in Our Area

The **Natural Resources Committee** is hosting public meetings **Sept. 14 and 15 at Culver Cove.**

• Sept. 14: Lake Management Work Group; legislative recommendations; channeling and funneling

• Sept. 15: Personal floatation devices for children 12 and under; other DNR boating law issues; fish and wildlife; captive deer

Weatherwax's Voting Record for 2004

Voting on legislation is one of the largest responsibilities of being a member of the Senate. I am proud to report to the citizens of my district that I achieved a 100 percent voting attendance record during the 2004 legislative session. I was present for all 340 roll-call votes recorded during the nine-week long session.

The 2004 legislative session ended March 4. During the session, 503 Senate bills and 459 House Bills were filed. Ten percent of those bills were sent to and signed by the governor.